

SIX COUNTY ASSOCIATION OF GOVERNMENTS
FINANCIAL STATEMENTS
JUNE 30, 2006

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2006**

	Page
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	15
STATEMENT OF ACTIVITIES	16
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET	17
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS	18
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	19
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
NOTES TO FINANCIAL STATEMENTS	21
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
BUDGETARY COMPARISON SCHEDULE:	
GENERAL FUND	34
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	35
COMBINING FINANCIAL STATEMENTS AND SCHEDULES:	
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND BY DEPARTMENT	37

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2006**

	Page
COMBINING FINANCIAL STATEMENTS AND SCHEDULES (CONTINUED):	
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BY PROGRAMS:	
ADMINISTRATION	38
AGING	39
ECONOMIC DEVELOPMENT	40
COMMUNITY ASSISTANCE	41
HOUSING AND WEATHERIZATION	42
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BY PROGRAMS:	
ADMINISTRATION	43
AGING	44
ECONOMIC DEVELOPMENT	45
COMMUNITY ASSISTANCE	46
HOUSING AND WEATHERIZATION	47
COMPLIANCE SECTION:	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	49
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	53
SCHEDULE OF FEDERAL AWARDS EXPENDED	54
SCHEDULE OF PRIOR AUDIT FINDINGS	59
AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE	60

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INDEPENDENT AUDITOR'S REPORT

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Six County Association of Governments as of and for the year ended June 30, 2006, which collectively comprise the Association's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Six County Association of Governments as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2006, on our consideration of Six County Association of Governments' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 13 and 34 through 35 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Executive Committee
Six County Association of Governments

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Six County Association of Governments' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of addition analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Six County Association of Governments. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 20, 2006
Richfield, Utah

SIX COUNTY ASSOCIATION OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

This discussion of the Six County Association of Governments (SCAOG) financial performance provides an overview of the SCAOG's financial activities for the year ending June 30, 2006. This report is in conjunction with the SCAOG's financial statements. The SCAOG's purpose is to provide services to the residents of the Six County area. These services include Administration, Aging, Economic Development, Community Assistance, and Housing and Weatherization.

Financial Highlights

- * The assets of the SCAOG exceeded its liabilities as of the close of the most recent year by \$1,688,281 (net assets). Of this amount, \$374,502 (unrestricted net assets) may be used to meet the government's ongoing obligations to employees and creditors.
- * The government's total net assets decreased by \$32,513. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the SCAOG's governmental funds reported ending fund balances of \$1,712,405 a decrease of \$5,853 in comparison with the prior year. Approximately 29 percent of this total amount, \$495,022, is available for spending at the SCAOG's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$495,022, or 14 percent of total general fund expenditures.
- * The SCAOG's compensated absences increased by \$17,340 during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SCAOG's basic financial statements. The SCAOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the SCAOG's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the SCAOG's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the SCAOG is improving or deteriorating.

The *statement of activities* presents information showing how the SCAOG's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues and earned but unused vacation leave).

SIX COUNTY ASSOCIATION OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.

Both of the government-wide financial statements include functions of the SCAOG that are principally supported by fees and intergovernmental revenues (governmental activities). These activities include Administration, Aging, Economic Development, Community Services, and Housing and Weatherization.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SCAOG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the SCAOG are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The SCAOG maintains two governmental funds, General and Revolving Loan.

The SCAOG adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget for the general fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the SCAOG.

SIX COUNTY ASSOCIATION OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the SCAOG, assets exceeded liabilities by \$1,688,281 at the close of the most recent fiscal year.

One portion of the SCAOG's net assets (5 percent) reflects its investment in capital assets (e.g. equipment and vehicles) less any related debt required to purchase those assets that is still outstanding. The SCAOG uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the SCAOG's investment in its capital assets would be reported net of related debt, if any, and it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any related debt. The SCAOG has determined that all asset purchases in excess of \$5,000 will be capitalized.

Six County Association of Government's Net Assets

	Governmental Activities		
	2006	2005	Change
Current and Other Assets	1,991,107	1,383,617	607,490
Capital Assets	70,653	79,973	(9,320)
Total Assets	<u>2,061,760</u>	<u>1,463,590</u>	<u>598,170</u>
Long-Term Liabilities	94,777	77,437	17,340
Other Liabilities	278,702	626,261	(347,559)
Total Liabilities	<u>373,479</u>	<u>703,698</u>	<u>(330,219)</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	70,653	79,973	(9,320)
Restricted	1,243,126	1,139,572	103,554
Unrestricted	374,502	501,249	(126,747)
Total Net Assets	<u>1,688,281</u>	<u>1,720,794</u>	<u>(32,513)</u>

A portion of the SCAOG's net assets (74 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$374,502, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the SCAOG is able to report positive balances in all three categories of net assets for the government as a whole.

SIX COUNTY ASSOCIATION OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.

Governmental Activities

Governmental activities decreased the SCAOG's net assets by \$32,513. Key elements of the changes are shown below.

Six County Association of Governments Changes in Net Assets

	<u>Governmental Activities</u>		
	<u>2006</u>	<u>2005</u>	<u>Change</u>
Revenues:			
Program Revenues:			
Charges for Services	527,764	677,433	(149,669)
Operating Grants	3,190,569	3,406,392	(215,823)
General Revenues:			
Loss on Fixed Assets	(6,413)	-	(6,413)
Unrestricted Investment Earnings	74,981	63,303	11,678
Total Revenues	<u>3,786,901</u>	<u>4,147,128</u>	<u>(360,227)</u>
Expenses:			
General Government:			
Administration	333,001	476,029	(143,028)
Aging	1,534,472	1,560,457	(25,985)
Economic Development	651,755	911,697	(259,942)
Community Assistance	436,416	442,160	(5,744)
Housing & Weatherization	812,288	718,186	94,102
Revolving Loan Fund	51,482	70,950	(19,468)
Total Expenses	<u>3,819,414</u>	<u>4,179,479</u>	<u>(360,065)</u>
Decrease in Net Assets	(32,513)	(32,351)	(162)
Net Assets - Beginning	<u>1,720,794</u>	<u>1,753,145</u>	<u>(32,351)</u>
Net Assets - Ending	<u>1,688,281</u>	<u>1,720,794</u>	<u>(32,513)</u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, the SCAOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

SIX COUNTY ASSOCIATION OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.

Governmental Funds

The focus of the SCAOG's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the SCAOG's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the SCAOG's governmental funds reported ending fund balances of \$1,712,405 a decrease of \$5,853 in comparison with the prior year. Approximately 29 percent of this amount, \$495,022 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to the Revolving Loan Fund and designated for compensated absences.

The general fund is the chief operating fund of the SCAOG. At the end of the current year, unreserved fund balance of the general fund was \$495,022, and total fund balance was \$564,056. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13 percent of total general fund expenditures, while total fund balance represents 15 percent of that same amount.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$359,004 can be briefly summarized as follows:

* \$ 82,060 increase in salaries and wages	* \$ 583,789 increase in contractual
* \$ 38,744 increase in fringe benefits	* \$ 130,189 increase in other
* \$119,759 increase in travel	* \$ 63,375 increase in pass-thru monies to counties
* \$101,774 increase in supplies	* \$1,067,902 decrease in volunteer and other services
* \$ 64,873 increase in administrative services	* \$ 93,716 increase in food and other
* \$148,627 increase in materials and supplies	

Of the total general fund expenditures, none was funded out of prior year's unreserved fund balance.

Capital Asset and Debt Administration

Capital Assets

The SCAOG's investment in capital assets for its governmental activities as of June 30, 2006, was \$70,653 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles. There was no long-term debt related to capital assets at year end.

	<u>2006</u>	<u>2005</u>
Equipment	18,214	17,271
Vehicles	<u>52,439</u>	<u>62,702</u>
Total (Net of Depreciation)	<u>70,653</u>	<u>79,973</u>

Additional information on the SCAOG's capital assets can be found in the notes to the financial statements.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.**

Long -Term Debt

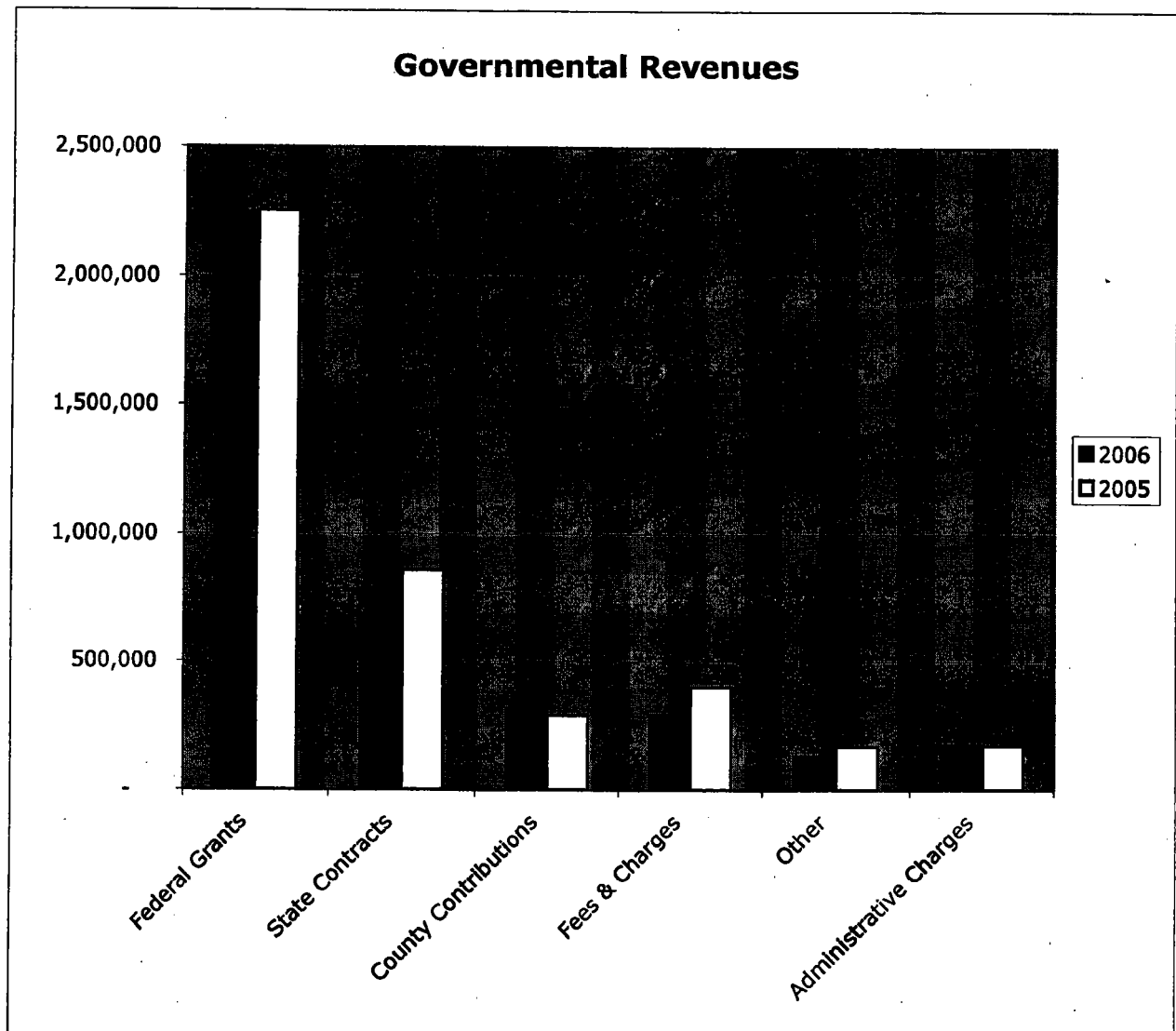
At the end of the current year, the SCAOG had no long-term debt.

Request for Information

This financial report is designed to provide a general overview of the SCAOG's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Six County Association of Governments, P.O. Box 820, Richfield, Utah 84701.

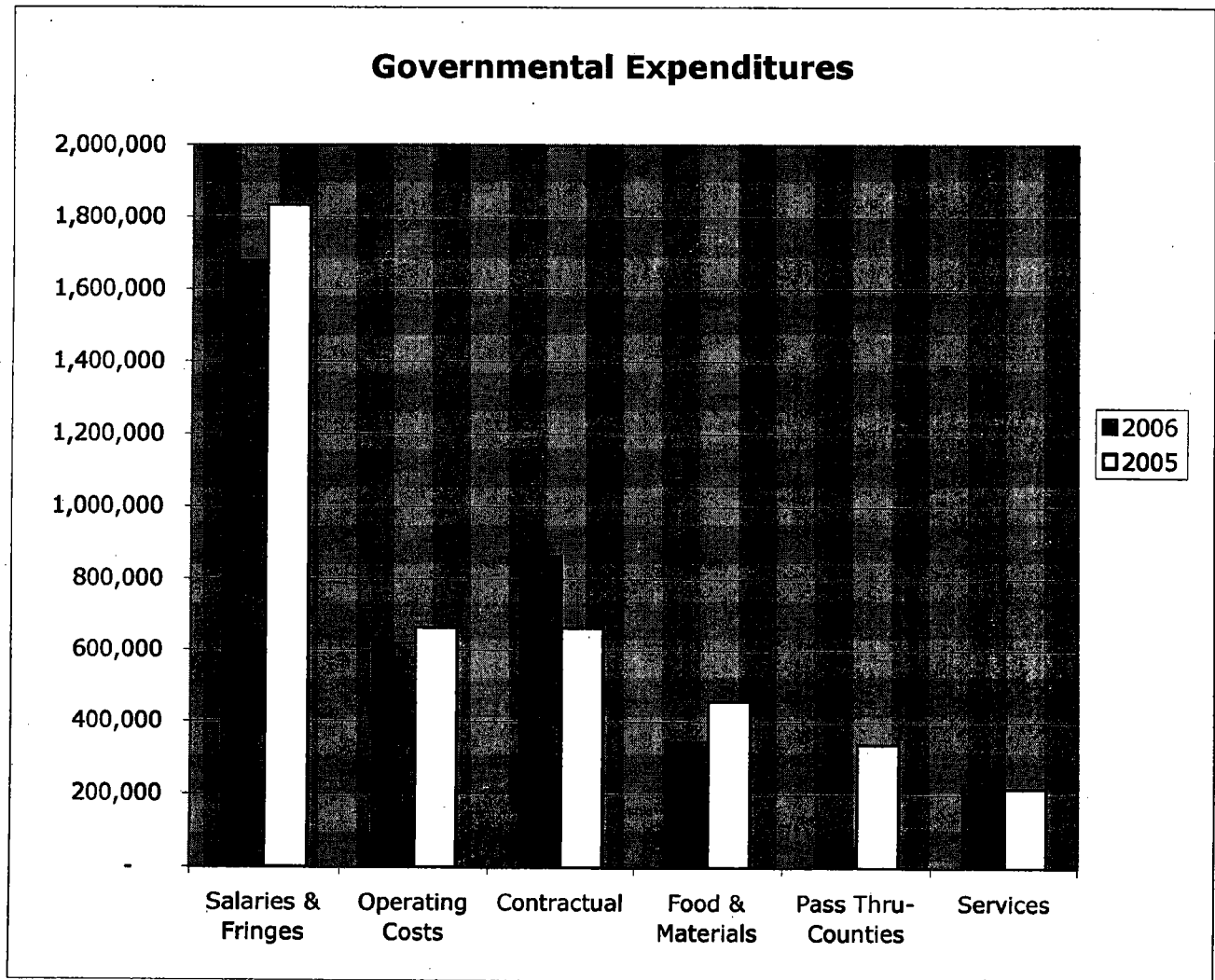
Six County Association of Governments
Governmental Revenues
For The Fiscal Years Ending June 30, 2006 and 2005

	2006	2005
Federal Grants	2,246,635	2,253,852
State Contracts	627,325	861,786
County Contributions	316,609	290,754
Fees & Charges	294,048	400,535
Other	133,471	168,512
Administrative Charges	175,226	171,689
Total Revenues	3,793,314	4,147,128



Six County Association of Governments
Governmental Expenditures
For The Fiscal Years Ending June 30, 2006 and 2005

	2006	2005
Salaries & Fringes	1,678,390	1,833,030
Operating Costs	619,747	665,202
Contractual	865,266	664,455
Food & Materials	345,640	458,583
Pass Thru-Counties	58,676	338,828
Services	231,448	219,381
Total Expenditures	3,799,167	4,179,479



BASIC FINANCIAL STATEMENTS

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF NET ASSETS**

June 30, 2006

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	352,765
Due From Other Government Units	489,993
Notes Receivable	<u>146,849</u>
Total Current Assets	<u>989,607</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents:	
Revolving Loan Funds	253,714
Notes Receivable	747,786
Capital Assets (Net of Accumulated Depreciation):	
Equipment	18,214
Vehicles	<u>52,439</u>
Total Noncurrent Assets	<u>1,072,153</u>
TOTAL ASSETS	<u><u>2,061,760</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>278,702</u>
Noncurrent Liabilities:	
Compensated Absences	<u>94,777</u>
TOTAL LIABILITIES	<u>373,479</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	70,653
Restricted For:	
Revolving Loan Fund	1,148,349
Compensated Absences	94,777
Unrestricted	<u>374,502</u>
TOTAL NET ASSETS	<u>1,688,281</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>2,061,760</u></u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Function/Programs Primary Government:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Governmental Activities:				
General Government	<u>3,819,414</u>	<u>527,764</u>	<u>3,190,569</u>	<u>(101,081)</u>
Total Governmental Activities	<u>3,819,414</u>	<u>527,764</u>	<u>3,190,569</u>	<u>(101,081)</u>
General Revenues:				
Unrestricted Investment Earnings				74,981
Loss on Trade In of Autos				<u>(6,413)</u>
Total General Revenues				<u>68,568</u>
Change in Net Assets				<u>(32,513)</u>
Net Assets - Beginning				<u>1,720,794</u>
Net Assets - Ending				<u>1,688,281</u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	General Fund	Revolving Loan Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	352,765	253,714	606,479
Accounts Receivable (Net)	489,993	-	489,993
Notes Receivable	-	894,635	894,635
TOTAL ASSETS	<u>842,758</u>	<u>1,148,349</u>	<u>1,991,107</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	<u>278,702</u>	-	<u>278,702</u>
Total Liabilities	<u>278,702</u>	-	<u>278,702</u>
Fund Balances:			
Reserved For:			
Revolving Loan Fund	-	1,148,349	1,148,349
Designated For:			
Compensated Absences	69,034	-	69,034
Unreserved, Undesignated	<u>495,022</u>	-	<u>495,022</u>
Total Fund Balance	<u>564,056</u>	<u>1,148,349</u>	<u>1,712,405</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>842,758</u>	<u>1,148,349</u>	<u>1,991,107</u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

June 30, 2006

Total Fund Balances - Governmental Fund Types	1,712,405
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Equipment	18,214	
Vehicles	<u>52,439</u>	
 Total		 70,653

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds:

Compensated Absences		<u>(94,777)</u>
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Net Assets of Government Activities	<u><u>1,688,281</u></u>
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SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2006

	General Fund	Revolving Loan Trust Fund	Total Governmental Funds
Revenues:			
Federal Grants	2,246,635	-	2,246,635
Contracts With State Agencies	627,325	-	627,325
Counties Contributions	316,609	-	316,609
Contractual	29,000	-	29,000
Fees and Charges	294,048	-	294,048
Interest	15,808	59,173	74,981
Other	28,404	1,086	29,490
Administrative Charges	175,226	-	175,226
	<u>3,733,055</u>	<u>60,259</u>	<u>3,793,314</u>
Total Revenues			
Expenditures:			
Salaries and Wages	1,130,271	27,920	1,158,191
Fringe Benefits	505,034	15,165	520,199
Travel	194,304	3,046	197,350
Supplies	197,636	2,669	200,305
Equipment	25,292	-	25,292
Contractual	865,266	-	865,266
Other	96,291	1,173	97,464
Administrative Charges	97,827	1,509	99,336
Food and Other	254,309	-	254,309
Materials and Supplies	91,331	-	91,331
Pass-Thru Monies to Counties	58,676	-	58,676
Volunteer and Other Services	231,448	-	231,448
	<u>3,747,685</u>	<u>51,482</u>	<u>3,799,167</u>
Total Expenditures			
Net Change In Fund Balance	(14,630)	8,777	(5,853)
Fund Balance - Beginning	<u>578,686</u>	<u>1,139,572</u>	<u>1,718,258</u>
Fund Balance - Ending	<u><u>564,056</u></u>	<u><u>1,148,349</u></u>	<u><u>1,712,405</u></u>

The notes to the financial statements are an integral part of this statement.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	(5,853)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	43,581	
Depreciation Expense	<u>(46,488)</u>	
Total		(2,907)

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Compensated Absences	(17,340)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Loss on Trade In of Vehicles	<u>(6,413)</u>
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Changes In Net Assets of Governmental Activities	<u><u>(32,513)</u></u>
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**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Six County Association of Governments:

The Association is organized under the laws of the State of Utah. The confines of the Six County Association of Governments includes Millard, Juab, Sanpete, Sevier, Wayne and Piute Counties, commonly referred to as the Six County area.

The governing board consists of one commissioner and one mayor from each County. The executive committee consists of the chairman, the vice chairman and the immediate past chairman. The governing board is appointed to oversee various programs or areas of concern and conduct the routine business of the organization through the Executive Director and the department directors. They act as the organizational agent for the signing of contracts, checks and other required documents.

The accompanying basic financial statements present the financial position of the General Fund and the results of operations of the General Fund. The basic financial statements are presented for the fiscal year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity:

For financial reporting purposes the Six County Association of Governments, incorporated in the State of Utah, has included all funds and account groups. The Six County Association of Governments has no component units or related organizations. As required by generally accepted accounting principles, these financial statements present the Six County Association of Governments, the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Six County Association of Governments considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

State revenues, federal revenues, local revenues and interest on investments associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Revolving Loan Special Revenue Fund Accounts for loan activities including the disbursement of money to local business and repayment of principal and interest.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include equipment and vehicles are reported in the applicable governmental type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Vehicles and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Equipment	7 - 15 Years
Vehicles	5 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when earned in the government-wide financial statements.

Pass-Through Funds:

The Association functions as a pass-thru agency for various programs. The pass-thru monies are recorded as revenues when they are received or due the organization and recorded as expenditures when sent or obligated to the sub-grantee or sub-contractor.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Budgets

The Six County Association of Governments' fiscal year ends as of June 30th each year. However, the various departments of the organization budget their expenditures by contract. Several contracts are based on a fiscal year ending other than June 30th. Therefore, budget to actual comparisons for various departments do not necessarily represent budget periods which coincide with the Association's overall fiscal year end of June 30th.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2006 consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	344,207
Investment - PTIF	<u>262,272</u>
Total Cash and Investments	<u><u>606,479</u></u>

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	352,765
Governmental - Restricted	<u>253,714</u>
Total Cash and Cash Equivalents	<u><u>606,479</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Association funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$244,207 of the local government's bank balances of \$344,207 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$262,272 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable of \$489,993 consists mainly of monies due from grants and contracts with federal, state and local government agencies and certain fees collected by mental health centers and remitted to the Association in July. Receivables from other sources are not shown as revenues due to the uncertainty of collections.

NOTE 4 - REVOLVING LOAN FUND

The Six County Economic Development District was awarded a grant in the amount of \$500,000 from the Economic Development Administration for the purpose of establishing a Revolving Loan Trust Fund. The Federal money was matched by a Community Development Block Grant of \$261,220 making a total of \$761,220 available to the Revolving Loan Trust Fund. The fund also received an additional \$45,000 from Farmers Home Administration which was subsequently loaned out. These grant monies have been disbursed throughout the Six County region as qualified businesses have been approved to receive these loans.

The purpose of the fund is to help provide financing for new or expanding businesses in the Six County area who meet certain qualifications.

As of June 30, 2006, a total of \$3,131,442 had been disbursed to qualifying businesses since the inception of the program. The loan balance at June 30, 2006, was \$894,635 and these businesses are now making principal and interest payments to the Revolving Loan Fund according to their individual repayment schedules. During 2005/2006 the District disbursed program income of \$40,000 to two qualifying business.

There have been a total of seven loans, totaling \$205,057, deemed uncollectible and written off since inception. During the current year no loans were written off.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - REVOLVING LOAN FUND (CONTINUED)

The following is a schedule of cash receipts and disbursements for the year.

Cash Balance - Beginning of Year		97,069
Receipts:		
Interest Earned on Contracts	54,098	
Principal Payments on Notes	187,868	
Loan Fees and Charges	1,086	
Bank Interest	<u>5,075</u>	
Total Receipts		248,127
Disbursements:		
New Loans:		
Autumn Park Assisted Living	20,000	
Action Video Plus, Inc.	<u>20,000</u>	
Total Loans	<u>40,000</u>	
Other Disbursements:		
Personnel	27,920	
Fringe Benefits	15,165	
Travel	3,046	
Supplies	318	
Utilities	697	
Rent	316	
AOG Fiscal Services	1,509	
Insurance	200	
Repairs and Services	1,138	
Other	<u>1,173</u>	
Total Other Disbursements	<u>51,482</u>	
Total Disbursements		<u>91,482</u>
Cash Balance - End of Year		<u><u>253,714</u></u>

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 4 - REVOLVING LOAN FUND (CONTINUED)

The following is a statement of changes in Notes Receivable:

<u>Loan Balance</u> <u>June 30, 2005</u>	<u>Write-Offs</u>	<u>Additional</u> <u>Loans</u>	<u>Principal Payments</u> <u>On Loans</u>	<u>Loan Balance</u> <u>June 30, 2006</u>
<u>1,042,503</u>	<u>-</u>	<u>40,000</u>	<u>(187,868)</u>	<u>894,635</u>

The notes receivable at June 30, 2006, are as follows:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Action Video Plus, Inc.	5,000	13,704	18,704
Autumn Park Assisted Living	5,000	20,037	25,037
High Top Academy	5,000	112,592	117,592
Ideal Dairy	6,000	46,497	52,497
K & C Minimarts, Inc.	6,000	116,984	122,984
Majestic Trucking	3,000	13,629	16,629
Michelson's Cafe	3,435	-	3,435
Moore's Old Pine Inn	7,000	12,487	19,487
Red Rock Cheese	5,000	141,092	146,092
Reigning Irrigation	11,641	-	11,641
Reigning Irrigation	16,000	18,777	34,777
Rocky Mountain West Telephone	15,000	21,814	36,814
Sevier Smart Site, LLC	1,000	32,633	33,633
Sunglow Cafe	4,465	-	4,465
Taurus Salt, Inc.	24,000	86,945	110,945
Tugs One Stop	5,000	45,752	50,752
Wasatch Technology	12,000	40,562	52,562
Fry Gods, Inc.	2,000	3,339	5,339
Heritage Wood Shop	1,000	7,884	8,884
Innovative Trailer	2,745	-	2,745
Mountain Mill & Doors	2,000	6,486	8,486
Red Hills Trucking & Repair	2,563	-	2,563
Rockwood Stage	2,000	6,572	8,572
Total	<u>146,849</u>	<u>747,786</u>	<u>894,635</u>

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Equipment	39,285	11,000	-	50,285
Vehicles	<u>141,431</u>	<u>32,581</u>	<u>32,064</u>	<u>141,948</u>
 Total Capital Assets Being Depreciated	 <u>180,716</u>	 <u>43,581</u>	 <u>32,064</u>	 <u>192,233</u>
Less Accumulated Depreciation For:				
Equipment	22,014	10,057	-	32,071
Vehicles	<u>78,729</u>	<u>36,431</u>	<u>25,651</u>	<u>89,509</u>
 Total Accumulated Depreciation	 <u>100,743</u>	 <u>46,488</u>	 <u>25,651</u>	 <u>121,580</u>
 Governmental Activities Capital Assets, Net	 <u><u>79,973</u></u>	 <u><u>(2,907)</u></u>	 <u><u>6,413</u></u>	 <u><u>70,653</u></u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable of \$278,702 consists of monies owed to various vendors and agencies at June 30, 2006, and paid in subsequent periods.

NOTE 7 - LONG-TERM DEBT

Compensated Absences:

Compensated absences of the Six County Association of Governments represent accrued vacation pay at June 30, 2006, in the amount of \$94,777.

The Association has established an account to accumulate monies to fund this liability if payment had to be made to employees as a result of the Association discontinuing operations. The balance of the fund at June 30, 2006, was \$69,034.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a statement of changes in Long-Term Debt for the year ending June 30, 2006:

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
Compensated Absences	<u>77,437</u>	<u>17,340</u>	<u>-</u>	<u>94,777</u>

NOTE 8 - STATE OF UTAH RETIREMENT PLANS

Local Governmental - Cost Sharing:

Plan Description:

Six County Association of Governments contributes to the Local Governmental Noncontributory Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The System issues a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Six County Association of Governments' is required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The Six County Association of Governments contributions to the various systems for the years ending June 30, 2006, 2005 and 2004 respectively were; for the Noncontributory Retirement System, \$346,437.19, \$339,534.03, and \$288,853.79 respectively. The contributions were equal to the required contributions for each year.

SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - COST ALLOCATION PLAN

The Association has a Cost Allocation Plan/Indirect Cost Rate which has been approved by its Federal Cognizant Agency, the Department of Health and Human Services. The plan was approved on February 3, 1989, and the Association is not required to submit the cost Allocation Plan or the Departmental Indirect Cost proposals for prior Federal approval unless specifically requested to do so by the cognizant Federal agency. The plan was reviewed by the Department of Health and Human Services as of July, 15, 1999, and was approved as written.

NOTE 10 - RISK MANAGEMENT

The Six County Association of Governments is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and disasters. The Association is insured through the Utah Local Governments Trust for general liability coverage. The limits of coverage is \$2,000,000 combined single limit per occurrence with \$1,000 deductible for each occurrence.

The Trust also covers automobile liability in the amount of \$2,000,000 combined single limit per accident with a \$1,000 deductible per each accident. Uninsured motorist coverage is \$50,000 limit each accident and \$50,000 aggregate each policy. Underinsured motorist is \$50,000 limit each accident.

The Association is also covered for replacement cost of buildings and equipment through the Local Governments Trust.

Property and equipment coverage is for replacement cost with a \$1,000 deductible.

Workers Compensation coverage is also with the Utah Local Governments Trust.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 11 - FEDERAL FINANCIAL ASSISTANCE

The following is a reconciliation of Federal revenues per the report to the Schedule of Federal Awards Expended:

Federal Revenues Per Report	2,246,635
Plus:	
Revolving Loan Fund Pass Through Federal Grant	40,000
Prior Year Fund Balance Expended	24,996
Less:	
SSBG Pass Thru from Human Services to Aging	(41,383)
Revenues Received - Not Expended	<u>(22,114)</u>
Federal Expenditures Per Schedule of Federal Awards Expended	<u><u>2,248,134</u></u>

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

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is used to assist in formatting, for easier reading)

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Grants	2,185,066	2,594,125	2,246,635	(347,490)
Contracts With State Agencies	928,052	896,893	627,325	(269,568)
Counties Contributions	293,363	309,221	316,609	7,388
Contractual	275,000	-	29,000	29,000
Fees and Charges	243,809	356,775	294,048	(62,727)
Interest	13,500	18,000	15,808	(2,192)
Other	25,224	55,188	28,404	(26,784)
Administrative Charges	172,835	214,575	175,226	(39,349)
Use of Fund Balance	51,111	102,187	-	(102,187)
Total Revenues	<u>4,187,960</u>	<u>4,546,964</u>	<u>3,733,055</u>	<u>(813,909)</u>
Expenditures:				
Salaries and Wages	1,178,010	1,260,070	1,130,271	129,799
Fringe Benefits	549,123	587,867	505,034	82,833
Travel	98,449	218,208	194,304	23,904
Supplies	94,571	196,345	197,636	(1,291)
Contractual	455,876	1,039,665	865,266	174,399
Other	9,030	139,219	121,583	17,636
Administrative Charges	53,646	118,519	97,827	20,692
Food and Other	221,119	314,835	254,309	60,526
Materials and Supplies	95,754	244,381	91,331	153,050
Pass-Thru Monies to Counties	52,240	115,615	58,676	56,939
Volunteer and Other Services	1,380,142	312,240	231,448	80,792
Total Expenditures	<u>4,187,960</u>	<u>4,546,964</u>	<u>3,747,685</u>	<u>799,279</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(14,630)</u>	<u>(14,630)</u>
Fund Balance - Beginning			<u>578,686</u>	
Fund Balance - Ending			<u>564,056</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For The Fiscal Year Ended June 30, 2006

Budgetary Comparison Schedules:

The Budgetary Comparison Schedules presented in this section of the report are for the Association's General Fund.

Budgeting and Budgetary Control:

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Association's Board prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Board through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations:

For the year ended June 30, 2006, spending for all funds and departments of the Association was within the approved budgets.

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND BY DEPARTMENT

For the Fiscal Year Ended June 30, 2006

	Totals Memorandum Only	Administration	Aging	Economic Development	Community Assistance	Housing and Weatherization
REVENUES						
Federal Grants	2,246,635	37,743	533,812	553,198	419,953	701,929
Contracts With State Agencies	627,325	-	498,664	67,000	-	61,661
Counties Contributions	316,609	48,844	230,396	19,282	18,087	-
Contractual	29,000	29,000	-	-	-	-
Fees and Charges	294,048	56,183	237,865	-	-	-
Interest	15,808	15,808	-	-	-	-
Other	28,404	300	-	2,421	-	25,683
Administrative Charges	175,226	175,226	-	-	-	-
TOTAL REVENUES	3,733,055	363,104	1,500,737	641,901	438,040	789,273
EXPENDITURES						
Salaries and Wages	1,130,271	81,329	628,343	110,002	109,093	201,504
Fringe Benefits	505,034	44,366	220,842	56,816	65,950	117,060
Travel	194,304	33,998	72,260	31,165	18,900	37,981
Supplies	197,636	60,781	53,069	17,932	36,202	29,652
Equipment	25,292	25,292	-	-	-	-
Contractual	865,266	21,994	162,378	410,669	-	270,225
Other	96,291	43,563	-	5,948	3,094	43,686
Administrative Charges	97,827	1,431	44,388	19,223	11,936	20,849
Food and Other	254,309	-	237,309	-	17,000	-
Materials and Supplies	91,331	-	-	-	-	91,331
Pass-Thru Monies to Counties	58,676	-	17,473	-	41,203	-
Volunteer and Other Services	231,448	-	98,410	-	133,038	-
TOTAL EXPENDITURES	3,747,685	312,754	1,534,472	651,755	436,416	812,288
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,630)	50,350	(33,735)	(9,854)	1,624	(23,015)
FUND BALANCE - BEGINNING OF YEAR	578,686	311,644	103,697	95,567	5,777	62,001
FUND BALANCE - END OF YEAR	564,056	361,994	69,962	85,713	7,401	38,986

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ADMINISTRATION

For the Fiscal Year Ended June 30, 2006

	Total	Admin-Exec	Admin-Serv	Finance	Car Pool	WIA Mtnlands
REVENUES						
Contracts With State Agencies	29,000	29,000	-	-	-	-
Counties Contributions	48,844	-	48,844	-	-	-
Collections	300	-	300	-	-	-
Contractual	37,743	-	-	-	-	37,743
Car Pool Revenue	27,380	-	-	-	27,380	-
Other	28,803	-	-	28,803	-	-
Indirect	175,226	-	25,636	149,590	-	-
Interest	15,808	-	-	15,808	-	-
TOTAL REVENUES	363,104	29,000	74,780	194,201	27,380	37,743
EXPENDITURES						
Salaries and Wages	81,329	-	22,785	58,544	-	-
Fringe Benefits	44,366	-	13,451	30,704	-	211
Travel	33,998	-	21,666	5,672	6,660	-
Supplies	60,781	-	12,306	40,392	8,083	-
Equipment	25,292	-	-	-	25,292	-
Contractual	21,994	-	-	21,994	-	-
Other	43,563	-	845	7,062	-	35,656
Administrative Charges	1,431	-	-	-	-	1,431
TOTAL EXPENDITURES	312,754	-	71,053	164,368	40,035	37,298
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,350	29,000	3,727	29,833	(12,655)	445
FUND BALANCE - BEGINNING OF YEAR	311,644	-	293,937	8,019	9,688	-
FUND BALANCE - END OF YEAR	361,994	29,000	297,664	37,852	(2,967)	445

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AGING

For The Fiscal Year Ended June 30, 2006

REVENUES	Total	Aging	Alternative	Medicaid Waiver	Nutrition	Ombudsman	RSVP	Caregiver
Federal Grants	533,812	108,477	-	26,562	255,043	3,001	104,887	35,842
Contracts With State Agencies	498,664	91,685	228,033	26,562	123,763	8,321	-	20,300
Counties' Contributions	230,397	68,242	-	-	159,635	-	2,520	-
Collections	237,864	639	4,769	37,036	192,105	-	3,315	-
TOTAL REVENUES	1,500,737	269,043	232,802	90,160	730,546	11,322	110,722	56,142
EXPENDITURES								
Salaries and Wages	628,343	113,557	51,017	40,099	348,454	4,764	54,785	15,667
Fringe Benefits	220,842	42,976	32,037	21,127	75,232	4,235	35,443	9,792
Travel	72,260	8,068	5,930	6,373	46,323	921	3,470	1,175
Supplies	53,069	13,583	7,403	5,640	2,899	1,063	18,457	4,024
Contractual	162,378	4,877	126,412	6,043	-	-	-	25,046
Administrative Charges	44,388	29,343	7,051	2,506	-	339	3,504	1,645
Food and Other	237,309	-	-	5,025	232,284	-	-	-
Pass-Thru Monies to Counties	17,473	17,473	-	-	-	-	-	-
Services	98,410	47,705	-	1,813	41,127	-	6,694	1,071
TOTAL EXPENDITURES	1,534,472	277,582	229,850	88,626	746,319	11,322	122,353	58,420
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(33,735)	(8,539)	2,952	1,534	(15,773)	-	(11,631)	(2,278)
FUND BALANCE - BEGINNING OF YEAR	103,697	16,309	-	4,886	42,513	-	29,067	10,922
FUND BALANCE - END OF YEAR	69,962	7,770	2,952	6,420	26,740	-	17,436	8,644

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ECONOMIC DEVELOPMENT

For the Fiscal Year Ended June 30, 2006

	Total	Economic Development	CDBG	Procurement	Railroad	Planning	Disaster Mitigation
REVENUES							
Federal Grants	553,198	38,250	59,321	42,000	413,627	-	-
State Grants	67,000	-	6,000	-	-	61,000	-
Counties' Contributions	19,282	19,282	-	-	-	-	-
Other	2,421	2,000	-	421	-	-	-
TOTAL REVENUES	641,901	59,532	65,321	42,421	413,627	61,000	-
EXPENDITURES							
Salaries and Wages	110,001	32,577	35,515	11,839	-	30,070	-
Fringe Benefits	56,816	14,857	18,658	7,319	-	15,982	-
Travel	31,165	13,020	9,084	4,349	1,336	3,376	-
Supplies and Printing	17,933	3,400	9,695	2,091	224	2,523	-
Contractual	410,669	-	3,720	-	400,020	6,929	-
Other	5,948	152	3,581	1,941	-	274	-
Administrative Charges	19,223	1,960	2,524	841	12,047	1,846	5
TOTAL EXPENDITURES	651,755	65,966	82,777	28,380	413,627	61,000	5
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(9,854)	(6,434)	(17,456)	14,041	-	-	(5)
FUND BALANCE - BEGINNING OF YEAR	95,567	13,908	70,828	8,818	2,008	-	5
FUND BALANCE - END OF YEAR	85,713	7,474	53,372	22,859	2,008	-	-

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMMUNITY ASSISTANCE**

For The Fiscal Year Ended June 30, 2006

	<u>Total</u>	<u>FEMA</u>	<u>CSBG</u>	<u>SSBG Resources</u>	<u>HEAT Assistance</u>	<u>Homeless Prevention</u>
REVENUES						
Federal Grants	419,953	3,996	142,741	61,842	190,234	21,140
Counties' Contributions	18,087	-	-	15,791	-	2,296
TOTAL REVENUES	<u>438,040</u>	<u>3,996</u>	<u>142,741</u>	<u>77,633</u>	<u>190,234</u>	<u>23,436</u>
EXPENDITURES						
Salaries and Wages	109,093	-	40,897	12,323	55,873	-
Fringe Benefits	65,950	-	29,031	5,127	31,792	-
Travel	18,900	-	4,054	-	14,846	-
Supplies and Printing	36,202	128	15,106	1,163	19,805	-
Other	3,094	-	-	-	3,094	-
Administrative Charges	11,936	-	4,224	2,328	5,384	-
Pass-Thru Monies	41,203	-	-	41,203	-	-
Services	133,038	-	32,869	17,103	59,630	23,436
Food and Other	17,000	-	17,000	-	-	-
TOTAL EXPENDITURES	<u>436,416</u>	<u>128</u>	<u>143,181</u>	<u>79,247</u>	<u>190,424</u>	<u>23,436</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	1,624	3,868	(440)	(1,614)	(190)	-
FUND BALANCE - BEGINNING OF YEAR	<u>5,777</u>	<u>-</u>	<u>1,554</u>	<u>4,023</u>	<u>200</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>7,401</u>	<u>3,868</u>	<u>1,114</u>	<u>2,409</u>	<u>10</u>	<u>-</u>

SIX COUNTY ASSOCIATION OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HOUSING AND WEATHERIZATION

For The Fiscal Year Ended June 30, 2006

	Total	HOME	LIHEAP	DOE	Rural Develop Downpmt	Down Payment Assist	Crown Homes LLC's	UP&L	Sevier Self-Help	Home Projects	Lead Based Paint	Critical Needs
REVENUES												
Federal Grants	701,929	12,261	157,132	156,307	-	41,894	-	-	171,098	156,681	6,556	-
Contracts - State Agencies	61,661	22,570	-	-	-	1,626	-	-	39	11,426	-	26,000
Other	25,683	47	-	250	3,000	-	5,421	4,634	15	924	-	-
TOTAL REVENUES	789,273	34,878	157,132	156,557	3,000	43,520	5,421	4,634	171,152	169,031	6,556	26,000
EXPENDITURES												
Salaries and Wages	201,504	14,605	41,888	50,079	-	835	2,447	1,978	83,955	-	1,437	-
Fringe Benefits	117,060	9,529	26,313	30,680	-	1,344	2,174	1,067	43,670	-	414	-
Travel	37,981	3,187	3,654	15,755	-	-	25	-	15,123	-	5	232
Supplies and Printing	29,652	2,735	3,936	6,577	-	141	97	-	15,043	-	1,018	105
Contractual	270,225	-	33,173	10,458	-	-	-	-	25,137	169,041	2,600	25,000
Other	43,686	191	-	589	3,000	39,906	-	-	-	-	-	-
Administrative Charges	20,849	4,037	4,803	4,250	-	1,294	144	179	4,986	-	166	663
Materials and Supplies	91,331	-	43,365	38,237	-	-	-	1,410	8,219	-	-	-
TOTAL EXPENDITURES	812,288	34,284	157,132	156,625	3,000	43,520	4,887	4,634	196,133	169,041	5,640	26,000
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(23,015)	594	-	(68)	-	-	534	-	(24,981)	(10)	916	-
FUND BALANCE - BEGINNING OF YEAR	62,001	1,640	-	68	-	-	4,492	-	49,241	10	6,550	-
FUND BALANCE - END OF YEAR	38,986	2,234	-	-	-	-	5,026	-	24,260	-	7,466	-

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
ADMINISTRATION**

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	60,529	37,743	(22,786)
Counties' Contributions	48,753	48,844	91
Contractual	-	29,000	29,000
Interest	18,000	15,808	(2,192)
Collections	84,805	56,183	(28,622)
Other	-	300	300
Administrative Charges to Departments	165,335	175,226	9,891
Fund Balance	<u>25,055</u>	<u>-</u>	<u>(25,055)</u>
TOTAL REVENUES	<u>402,477</u>	<u>363,104</u>	<u>(39,373)</u>
EXPENDITURES			
Salaries and Wages	96,154	81,329	14,825
Fringe Benefits	48,619	44,366	4,253
Travel	40,500	33,998	6,502
Supplies	63,082	60,781	2,301
Equipment	27,293	25,292	2,001
Contractual	43,000	21,994	21,006
Other	81,079	43,563	37,516
Administrative Charges	<u>2,750</u>	<u>1,431</u>	<u>1,319</u>
TOTAL EXPENDITURES	<u>402,477</u>	<u>312,754</u>	<u>89,723</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	50,350	<u>50,350</u>
FUND BALANCE - BEGINNING OF YEAR		<u>311,644</u>	
FUND BALANCE - END OF YEAR		<u>361,994</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AGING**

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	297,960	533,812	235,852
Contracts With State Agencies	765,310	498,664	(266,646)
Counties Contributions	230,396	230,396	-
Fees and Charges	271,970	237,865	(34,105)
Fund Balance	20,641	-	(20,641)
TOTAL REVENUES	<u>1,586,277</u>	<u>1,500,737</u>	<u>(85,540)</u>
EXPENDITURES			
Salaries and Wages	643,355	628,343	15,012
Fringe Benefits	236,799	220,842	15,957
Travel	78,670	72,260	6,410
Supplies	52,306	53,069	(763)
Contractual	178,700	162,378	16,322
Other	8,494	-	8,494
Administrative Charges	44,774	44,388	386
Food and Other	280,835	237,309	43,526
Pass-Thru Monies	17,473	17,473	-
Services	44,871	98,410	(53,539)
TOTAL EXPENDITURES	<u>1,586,277</u>	<u>1,534,472</u>	<u>51,805</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	(33,735)	<u>(33,735)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>103,697</u>	
FUND BALANCE - END OF YEAR		<u>69,962</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT**

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	696,541	553,198	(143,343)
State Contracts	61,000	67,000	6,000
Counties' Contributions	14,281	19,282	5,001
Other	8,821	2,421	(6,400)
Fund Balance	<u>56,291</u>	<u>-</u>	<u>(56,291)</u>
TOTAL REVENUES	<u>836,934</u>	<u>641,901</u>	<u>(195,033)</u>
EXPENDITURES			
Salaries and Wages	139,591	110,002	29,589
Fringe Benefits	69,421	56,816	12,605
Travel	39,114	31,165	7,949
Supplies and Printing	16,914	17,932	(1,018)
Contractual	535,536	410,669	124,867
Other	11,237	5,948	5,289
Administrative Charges	<u>25,121</u>	<u>19,223</u>	<u>5,898</u>
TOTAL EXPENDITURES	<u>836,934</u>	<u>651,755</u>	<u>185,179</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(9,854)</u>	<u>(9,854)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>95,567</u>	
FUND BALANCE - END OF YEAR		<u>85,713</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
COMMUNITY ASSISTANCE**

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	637,480	419,953	(217,527)
State Grants	23,195	-	(23,195)
Counties' Contributions	15,791	18,087	2,296
Fund Balance	<u>500</u>	<u>-</u>	<u>(500)</u>
TOTAL REVENUES	<u>676,966</u>	<u>438,040</u>	<u>(238,926)</u>
EXPENDITURES			
Salaries and Wages	162,297	109,093	53,204
Fringe Benefits	106,714	65,950	40,764
Travel	19,816	18,900	916
Supplies	37,741	36,202	1,539
Contractual	15,235	-	15,235
Other	9,616	3,094	6,522
Administrative Charges	18,511	11,936	6,575
Pass-Thru Monies	98,142	41,203	56,939
Services	174,894	133,038	41,856
Food and Other	<u>34,000</u>	<u>17,000</u>	<u>17,000</u>
TOTAL EXPENDITURES	<u>676,966</u>	<u>436,416</u>	<u>240,550</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	1,624	<u>1,624</u>
FUND BALANCE - BEGINNING OF YEAR		<u>5,777</u>	
FUND BALANCE - END OF YEAR		<u>7,401</u>	

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
HOUSING AND WEATHERIZATION**

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Federal Grants	901,615	701,929	(199,686)
Contracts With State Agencies	47,388	61,661	14,273
Other	46,367	25,683	(20,684)
Fund Balance	<u>49,240</u>	<u>-</u>	<u>(49,240)</u>
TOTAL REVENUES	<u>1,044,610</u>	<u>789,273</u>	<u>(255,337)</u>
EXPENDITURES			
Salaries and Wages	218,673	201,504	17,169
Fringe Benefits	126,314	117,060	9,254
Travel	40,108	37,981	2,127
Supplies	26,302	29,652	(3,350)
Contractual	267,194	270,225	(3,031)
Other	1,800	43,686	(41,886)
Administrative Charges	27,363	20,849	6,514
Materials and Supplies	244,381	91,331	153,050
Volunteer and Other Services	<u>92,475</u>	<u>-</u>	<u>92,475</u>
TOTAL EXPENDITURES	<u>1,044,610</u>	<u>812,288</u>	<u>232,322</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(23,015)</u>	<u>(23,015)</u>
FUND BALANCE - BEGINNING OF YEAR		<u>62,001</u>	
FUND BALANCE - END OF YEAR		<u>38,986</u>	

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Six County Association of Governments as and for the year ended June 30, 2006, which collectively comprise Six County Association of Governments' basic financial statements and have issued our report thereon dated November 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

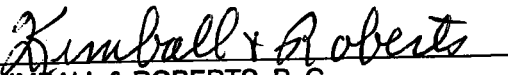
In planning and performing our audit, we considered Six County Association of Governments' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Six County Association of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Executive Committee
Six County Association of Governments
Page -2-

This report is intended solely for the information and use of management, executive committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 20, 2006
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

Compliance

We have audited the compliance of Six County Association of Governments with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Six County Association of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Six County Association of Governments' management. Our responsibility is to express an opinion on Six County Association of Governments' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Six County Association of Governments' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Six County Association of Governments' compliance with those requirements.

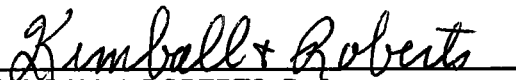
In our opinion, Six County Association of Governments complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of the Six County Association of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Six County Association of Governments' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, executive committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 20, 2006
Richfield, Utah

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Fiscal Year Ended June 30, 2006

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the comprehensive annual financial statements of Six County Association of Governments.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Six County Association of Governments were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Six County Association of Governments expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Six County Association of Governments.
7. The programs tested as major programs include: Rural Self-Help Housing Technical Assistance, CFDA's 10.420 and Railroad Research and Development, CFDA 20.313.
8. The threshold for distinguishing Type A programs is \$300,000 of federal awards expended.
9. Six County Association of Governments was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2006

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Direct Assistance:			
Department of Agriculture:			
Rural Self-Help Housing Technical Assistance	10.420	N/A	<u>170,996</u>
Total Department of Agriculture			<u>170,996</u>
Department of Commerce:			
~Revolving Loan Fund	11.307	N/A	<u>20,000</u>
Total Department of Commerce			<u>20,000</u>
Department of Housing and Urban Development:			
Community Development Block Grant	14.228	N/A	<u>20,000</u>
Total Department of Housing and Urban Development			<u>20,000</u>
Department of Labor:			
Workforce Investment Act	17.280	N/A	<u>37,298</u>
Total Department of Labor			<u>37,298</u>
Department of Transportation:			
Railroad Administration	20.313	N/A	<u>413,627</u>
Total Department of Transportation			<u>413,627</u>

~ See footnote 4 for details regarding Revolving Loan Fund activity during the year.

Continued

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2006

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Direct Assistance (Continued):			
Department of Health and Human Services:			
Senior Medicare Patrol Intergation Grants	93.048	N/A	<u>5,000</u>
Total Department of Health and Human Services			<u>5,000</u>
Corporation for National and Community Service:			
Retired Seniors Volunteer Program	94.002	N/A	<u>99,887</u>
Total Corporation for National and Community Service			<u>99,887</u>
Total Direct Assistance			<u>766,808</u>
Indirect Assistance:			
Department of Agriculture:			
State Department of Human Services:			
Rural Self-Help Housing Technical Assistance	10.420	05-0532	9,142
	10.420	06-0910	15,956
Federal Food Program (Cash in Lieu of Commodities for Aging)	10.550	05-2392	<u>71,804</u>
Total Department of Agriculture			<u>96,902</u>
Department of Commerce:			
State Department of Economic Development:			
Procurement Technical Assistance for Business Firms	11.302	05-83-04266	11,985
	11.302	05-83-04139	<u>25,500</u>
Total Department of Defense			<u>37,485</u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2006

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Indirect Assistance (Continued):			
Department of Defense:			
State Department of Community and Economic Development:			
Procurement Technical Assistance for Business Firms	12.002	04-1525	<u>28,380</u>
Total Department of Defense			<u>28,380</u>
Department of Housing and Urban Development:			
State Department of Community and Economic Development:			
Community Development Block Grant	14.228	06-0963	48,254
	14.228	06-0432	10,291
	14.228	04-0992	5,640
Emergency Shelter Grant Program	14.231	06-0969	21,140
HOME Investment Partnership Program	14.239	06-1040	12,261
	14.239	06-1038	86,399
	14.239	05-2312	<u>70,282</u>
Total Department of Housing and Urban Development			<u>254,267</u>
Department of Energy:			
State Department of Community and Economic Development:			
Weatherization Assistance for Low-Income Persons	81.042	06-0312	<u>155,707</u>
Total Department of Energy			<u>155,707</u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2006

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Indirect Assistance (Continued):			
Department of Health and Human Services:			
State Department of Human Services:			
Aging Ombudsman Title VII	93.042	05-2392	3,001
Aging Title IIIB	93.044	05-2392	79,535
Aging Title III C-Nutrition	93.045	05-2392	157,618
Preventive Health Title IIID	93.046	05-2392	3,197
Caregiver Title IIIE	93.052	05-2392	39,825
Temporary Assistance for Needy Families	93.558	06-1079	41,894
Low Income Housing Energy Assistance Program	93.568	05-1313	140,958
	93.568	06-0969	49,266
	93.568	05-1666	31,322
	93.568	04-1796	5,545
	93.568	06-1150	120,265
Community Service Block Grant	93.569	06-1103	31,264
	93.569	05-1505	110,363
Social Services Block Grant	93.667	06-0721	61,842
Medicaid Waiver	93.778	06-0315	26,562
Aging - Counseling	93.779	05-2392	<u>6,000</u>
Total Department of Health and Human Services			<u>908,457</u>

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2006

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount of Expenditures</u>
Indirect Assistance (Continued):			
Department of Homeland Security:			
State and Local Programs and Support:			
Federal Emergency Management Food and Shelter Program	97.024	23-8518-00	<u>128</u>
Total Department of Homeland Security			<u>128</u>
Total Indirect Assistance			<u>1,481,326</u>
Total Federal Assistance			<u><u>2,248,134</u></u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of Six County Association of Governments. The reporting entity, Six County Association of Governments, is defined in Note 1 to Six County Association of Governments' basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Six County Association of Governments' basic financial statements.

**SIX COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Fiscal Year Ended June 30, 2006

There are no prior audit findings.

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Executive Committee
Six County Association of Governments
Richfield, Utah 84701

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Six County Association of Governments, for the fiscal year ended June 30, 2006, and have issued our report thereon dated November 20, 2006. As part of our audit, we have audited the Six County Association of Governments' compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2006. The Association received the following major State assistance programs from the State of Utah:

Utah Division of Aging and Adult Services (Alternative, Aging, Nutrition, Caregiver and Ombudsman)

Department of Community and Economic Development (Planning Assistance, Rural Development, Down Payment Assistance, Home and Community Impact Board)

Our audit also included testwork on the Association's compliance with those general compliance requirements identified in the State of Utah Compliance Audit Guide, including:


Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements

The management of the Six County Association of Governments is responsible for the Association's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Associations' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, the Six County Association of Governments, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the fiscal year ended June 30, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 20, 2006
Richfield, Utah